

INITIAL CREDIT RATING REPORT VERBENA KNITWEAR LTD

Ref. no.: CRAR-18078/2023



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SME Rating	Rating Notch	Outlook	Date of Declaration	Date of Expiration
	WCRSME4	Stable	23 November 2023	22 November 2024

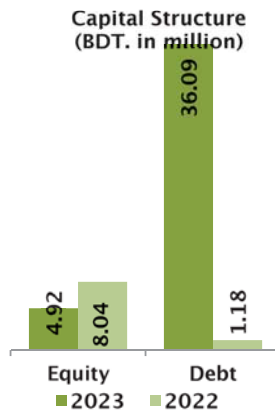
Name of the Bank	Mode of Investment	Sanctioned Amount	Outstanding Amount	Tk. in million Outstanding Date
Rupali Bank Limited	Rescheduling Loan	32.057	35.674	30.09.2023

Financial Based on- Independent audited financial statements up to 30th June 2023.

Methodology: SME Rating Methodology published on the WCRCL website at www.wasocreditrating.com

Key Snapshot:

Particulars	FY23	FY22
Revenue	4.83	4.63
EBIT	0.10	0.16
Net Profit	-3.12	0.11
Total Assets	41.01	9.22
Total Equity	4.92	8.04
Debt	36.09	1.18
Net Profit Margin (%)	-64.7%	2.3%
Debt/Equity (X)	183	195
ICR (X)	0.03	26.03



RATING RATIONALE

WCRCL has assigned 'WCRSME4' (pronounced as WASO Credit Rating Small & Medium Enterprise Four) rating under the SME Rating to **Verbena Knitwear Ltd** (hereinafter referred to as 'VKL' or 'The company') based on its financial and other relevant qualitative and quantitative information up-to the date of the rating assessment.

The above ratings have been assigned based on the fundamentals of the company which include experience of promoter in the textile industries, experienced and proactive management, Presence of fire insurance policy and Good infrastructural arrangement.

However, the above factors are constrained to some extent by average disclosure of financial statements, vulnerability in raw- materials price in the local and international market may impact profitability, Highly levered in the capital structure, Low interest coverage position, tight liquidity position considering long cash conversion cycle, Rented factory premises, adverse shock in textile industry may affect revenue growth.

The rating implies that the enterprise has average credit quality.

WCRCL also viewed the company with "**Stable**" outlook and believes that VKL will be able to maintain its good fundamentals in the foreseeable future.

This rating may be revised in case of any extraordinary changes in line with the sponsor's equity investment, debt obligations, management, business operations and/or changes in any macro and micro factors in the economy.

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